Lingnan University 嶺南大學 香港 Hong Kong

Topic Defence Seminar

ECON DEPARTMENT OF ECONOMICS

"Financial crisis and state-based confidence"

(in English)

Presenter:	**Mr. CHAN Sze Nam (Part-time MPhil Student)**
Date:	5 October 2018 (Friday)
Time:	11:30 am – 12:30 pm
Venue:	WYL314, Dorothy Y. L. Wong Building
Chief Supervisor:	Prof. Thomas VOON (Associate Professor)

Abstract:

Over the years, there are many findings on managerial overconfidence and its effects under different settings. For example, innovations and corporate investments are influenced by overconfident managers. However, previous literatures regarded Overconfidence as cross-sectional exogenous. Static Overconfidence is a common type of cognitive bias and individuals will overstate their own capacity, resulting in perception that they perform better-than-average. There is a paucity of study identifying an endogenous confidence. In this study, we would investigate the possibility that the confidence is state-based and will change over time. Illusion is usually regarded as one of the causes of overconfidence. Effects of shocks from external environment such as the financial crisis can act as a natural experiment to testify the state-based confidence whereas it mitigates the illusory effects of individuals and reduces overconfidence. In the regression, we try to measure how financial crisis affects the level of confidence and a number of CEO and firm-specific characteristics are included to measure their importance.

ALL ARE WELCOME

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